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DREADNOUGHT
INVESTMENTS

Limited

ANNUAL REPORT 1967



DREADNOUGHT INVESTMENTS LIMITED

(Incorporated under the laws of the Province of Ontario)

HEAD OFFICE: 570 Upper James Street, Hamilton, Ontario

OFFICERS

President: CECIL E. LESTER

Vice-President: STEPHEN M. FLETCHER

Vice-President: GRANT W. PHINNEY

Secretary-Treasurer: GLADYS M. MacBRIDE

Solicitor:

JAMES D. McKEON OF LANGS, BINKLEY, O'NEAL & McKEON

Auditor:

FENTON, SWING & SINNAMON, Chartered Accountants

Investment Consultants:

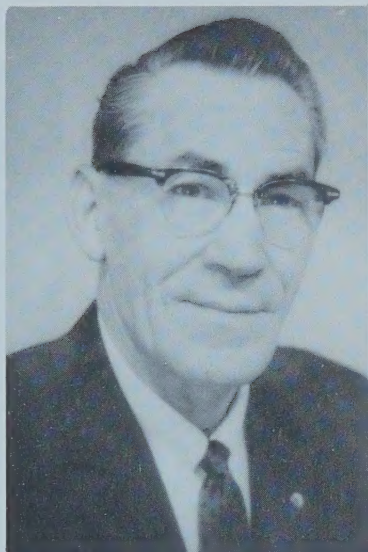
GRANT W. PHINNEY LIMITED

Bank:

ROYAL BANK OF CANADA

DIRECTORS

ALAN D. CLARK	BURLINGTON
<i>Comptroller and Secretary-Treasurer, Adam Clark Company Limited</i>	
FRANK A. COOKE	HAMILTON
<i>Assistant General Manager, Hamilton Street Railway</i>	
STEPHEN M. FLETCHER	HAMILTON
<i>Manager, Central Ontario Branch, Canada Life Assurance Company</i>	
SAMUEL J. HAMILTON	GRIMSBY
<i>Buyer, International Harvester Company</i>	
CRAIG M. HARTLEY	DUNDAS
<i>Vice-President, Grant W. Phinney Limited</i>	
CECIL E. LESTER	BURLINGTON
<i>Gentleman</i>	
GLADYS M. MacBRIDE	HAMILTON
<i>Mortgage Manager, Grant W. Phinney Limited</i>	
JAMES D. McKEON	HAMILTON
<i>Partner: Langs, Binkley, O'Neal & McKeon</i>	
GRANT W. PHINNEY	BURLINGTON
<i>President, Grant W. Phinney Limited</i>	
JAMES L. THOMPSON	BURLINGTON
<i>General Manager, Hoffman Bros. Limited</i>	



PRESIDENT'S REPORT

Canadians are feeling a genuine sense of pride in the celebration of our Centennial. Our nation has reached a maturity that will have a lasting effect on all of our future endeavours. Your company has endeavoured to play its part in this development by performing as a good corporate body, serving the best interest of its shareholders and its clients. It is becoming better and favourably known in the community.

There are several bright spots in this year's operations. Revenues increased by 14% and operating profit by 23%. We are very pleased with this trend that has been accomplished during a time when costs have steadily increased. Your company now has a full time employee. Operating expenses should remain reasonably constant during the coming year.

Your company is the largest shareholder in Haticat Holdings Limited, a Company which was formed to provide a means of investing in real estate. It is felt that this form of investment provides a good return in addition to the prospects of substantial gain through appreciation of the property. Your Directors are optimistic that this investment will prove to be an increasingly valuable asset in the years ahead.

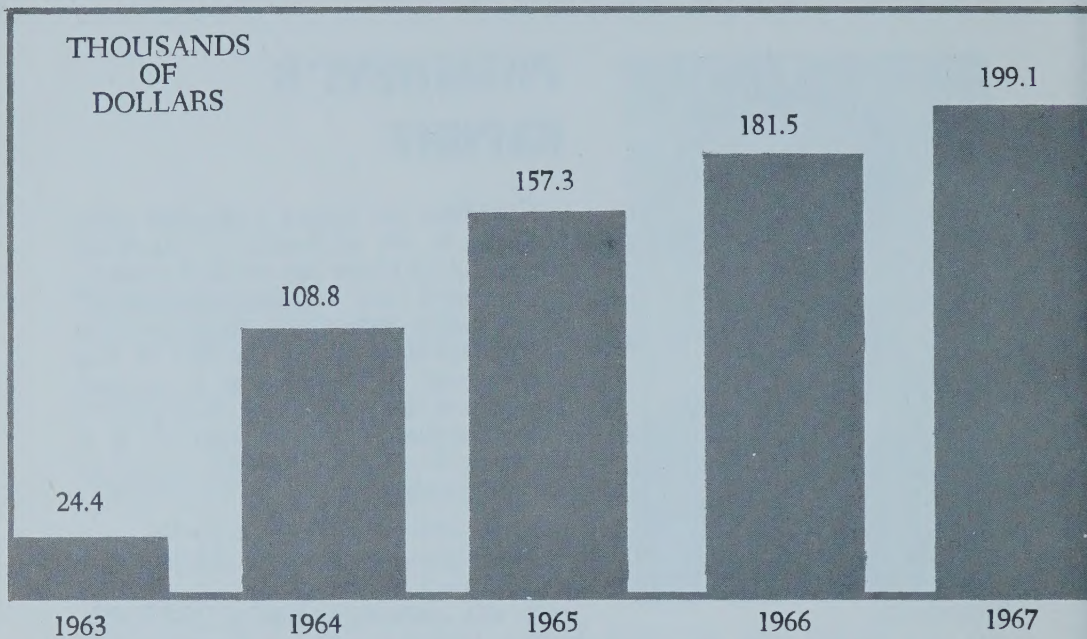
Your attention is drawn to the fact that the company now has retained earnings of \$14,889. This is equal to 10c for each paid up common share. Your Directors feel it is in the shareholders interest to maintain this steady growth, therefore any increase in dividends during the coming year will be dependent upon an increase in net earnings.

The Directors are pleased that your company has moved ahead substantially during the past year. Progress has been made in several areas of the company's development. It is anticipated that the year ahead will show a similar achievement.

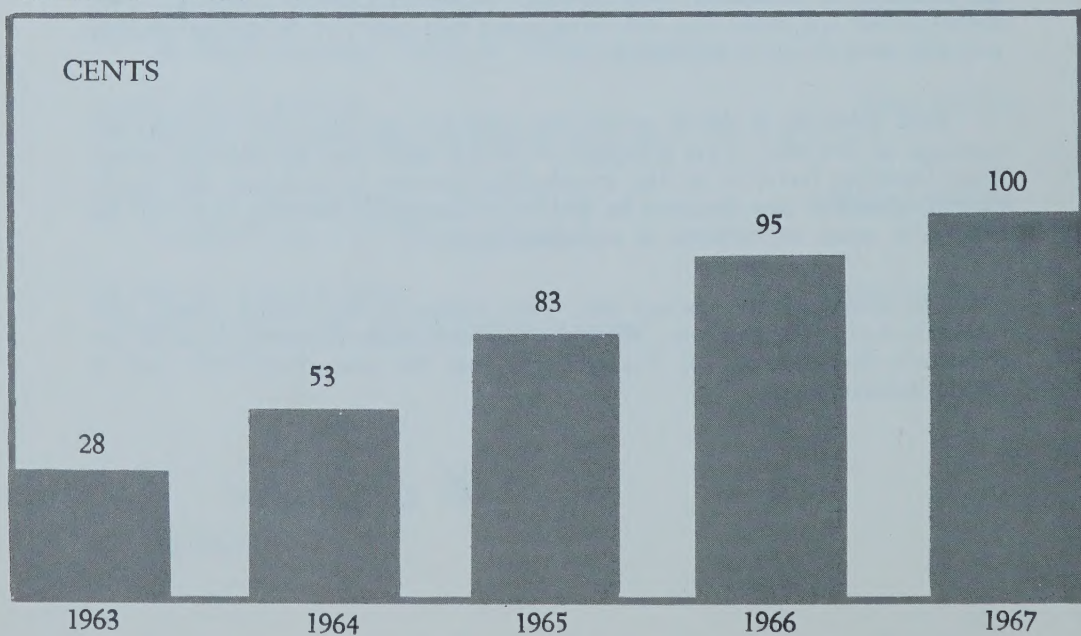
C. E. Lester,

President.

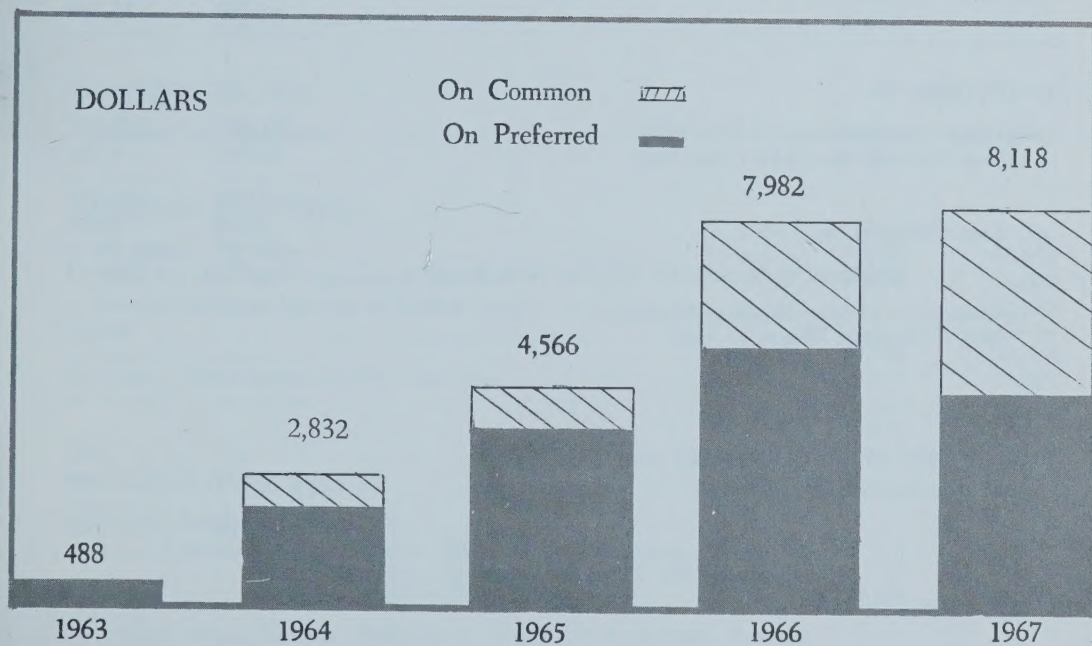
PAID UP CAPITAL



BREAK UP VALUE OF A COMMON SHARE



TOTAL DIVIDENDS PAID



DREADNOUGHT IN

AND ITS SUBSIDIARY MON

CONSOLIDATED BALANCE S

ASSETS

	AUGUST 1966	31st 1967
CURRENT ASSETS		
Cash in Bank Accounts	2,016	6,246
Marketable Securities at Cost (Market Value \$10,095)	11,498	11,416
Amount of Investments due within One Year	21,242	38,236
	<u>34,756</u>	<u>55,898</u>
INVESTMENTS		
Mortgages and Agreements Receivable	271,224	279,657
Less: Amounts due within One Year	21,242	38,236
	<u>249,982</u>	<u>241,421</u>
Less: Provision for Loss	3,610	5,009
(Assigned as Security for \$22,500 Bank Loan)	246,372	236,412
Investment in Haticat Holdings Limited — 29,450 Common Shares at Cost		29,450
	<u>246,372</u>	<u>265,862</u>
FURNITURE AND EQUIPMENT — AT COST		
Less: Accumulated Depreciation	571	1,207
	<u>183</u>	<u>388</u>
	<u>388</u>	<u>819</u>
OTHER ASSETS		
Incorporation Costs	955	
Mortgage Acquisition Costs Unamortized	2,165	1,888
	<u>3,120</u>	<u>1,888</u>
	<u>284,636</u>	<u>324,467</u>

Approved on behalf of the Board

G. M. MacBride,

Director

C. E. Lester,

Director

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ET AS AT AUGUST 31st, 1967

LIABILITIES AND SHAREHOLDERS' EQUITY

	AUGUST 1966	31st 1967
CURRENT LIABILITIES		
Bank Loan (Secured)	22,500	22,500
Accounts Payable and Accrued Expenses	1,438	1,348
Accrued Income Taxes on Earnings	296	2,518
Amount of Deferred Liabilities due within One Year	5,274	15,893
	<u>29,508</u>	<u>42,259</u>
DEFERRED INCOME		
Bonuses on Mortgages	29,964	33,945
	<u>29,964</u>	<u>33,945</u>
DEFERRED LIABILITIES		
Mortgages Payable	35,188	22,349
Note Payable 7% — due April 1st, 1969	5,000	5,000
Hatıcat Holdings Limited re Capital Stock		22,799
	<u>40,188</u>	<u>50,148</u>
Less: Amounts due within One Year	5,274	15,893
	<u>34,914</u>	<u>34,255</u>
SHAREHOLDERS' EQUITY		
Capital Stock (See Note 1) —		
9,646 — 6% Cumulative Redeemable Preference Shares of \$100. Par Value Authorized of which 627 Shares are Issued — (1966 — 671 Shares)	67,100	62,700
1,200,000 — Common Shares of No Par Value Authorized of which 138,972 Shares are Issued Fully Paid	110,539	122,999
(1966 — 126,512 Shares)		
122,506 Shares are Issued Partially Paid	123,106	122,506
(1966 — 123,106)	300,745	308,205
Less: Amounts Unpaid (See Note 2)	119,221	109,086
	<u>181,524</u>	<u>199,119</u>
Retained Earnings	8,726	14,889
	<u>190,250</u>	<u>214,008</u>
	<u>284,636</u>	<u>324,467</u>

DREADNOUGHT INVESTMENTS LIMITED
AND ITS SUBSIDIARY
MONTIGA INVESTMENTS LIMITED

STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED AUGUST 31st, 1967

Retained Earnings September 1st, 1966	8,726
Net Profit for the Year Ended August 31st, 1967	15,236
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	23,962
 Incorporation Expenses Written Off	 955
Dividends Declared and Paid —	
on 6% Preferred Shares	4,291
on Common Shares	3,827
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	9,073
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Retained Earnings August 31st, 1967	14,889
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DREADNOUGHT INVESTMENTS LIMITED
AND ITS SUBSIDIARY
MONTIGA INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Year Ended August 31st <u>1966</u>	<u>1967</u>
REVENUES		
Interest on Mortgages and Agreements	23,209	23,216
Mortgage Bonuses Amortized	9,603	13,681
Interest and Dividends	216	626
Rent and Other Income		292
	<u>33,028</u>	<u>37,815</u>
OPERATING EXPENSES		
Advertising and Office Expenses	2,293	1,490
Mortgage Management and Professional Fees	3,245	3,681
Interest on Notes and Mortgages	4,840	4,047
Office Rent and Salaries	2,967	4,391
Mortgage Acquisition Costs Amortized	674	773
Provision for Loss on Investments	1,356	1,398
Life Insurance on Officers	384	512
Loss on Sale of Securities		116
Depreciation of Equipment	97	205
	<u>15,856</u>	<u>16,613</u>
OPERATING PROFIT	17,172	21,202
Costs Incurred with Respect to Additional Share Issue	4,048	1,399
	<u>13,124</u>	<u>19,803</u>
PROFIT BEFORE INCOME TAXES	13,124	19,803
Provision for Income Taxes	3,081	4,567
	<u>10,043</u>	<u>15,236</u>
NET PROFIT	<u>10,043</u>	<u>15,236</u>

DREADNOUGHT INVESTMENTS LIMITED
AND ITS SUBSIDIARY
MONTIGA INVESTMENTS LIMITED

NOTES ACCOMPANYING 1967 FINANCIAL STATEMENTS

NOTE 1:

Capital Stock issued reflects the following changes during the year:

- (1) 45 Preference Shares were redeemed at par value
- (2) 1 Preference Share was issued for a cash consideration of \$100.00
- (3) 11,860 Common Shares were issued for a cash consideration of \$11,860.00
- (4) 600 Partially Paid Common Shares were fully paid up and now appear as fully paid shares

NOTE 2:

Amounts unpaid on Common Shares include the following:

- (1) \$19,089.00 payable during the year ending August 31st, 1968 or upon call by the directors with respect to the issuance of 32,506 shares (\$13,417.00 paid to date)
- (2) \$89,997.00 payable over a five year period ending August 31st, 1972 or upon call by the directors with respect to the issuance of 90,000 common shares to the directors of the company

NOTE 3:

Options have been granted to directors for a total of 5,000 Common Shares at \$1.00 per Share to be exercised at any date up to and including August 31st, 1969.

September 18th, 1967.

To the Shareholders,

Dreadnought Investments Limited,
570 Upper James Street,
Hamilton, Ontario.

We have examined the Consolidated Balance Sheet of Dreadnought Investments Limited and its wholly owned subsidiary, Montiga Investments Limited as at August 31st, 1967, and the Consolidated Statement of Profit and Loss and Retained Earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, Retained Earnings and accompanying notes present fairly the financial position of the companies as at August 31st, 1967, and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

FENTON, SWING & SINNAMON,
Chartered Accountants.

